

Message Text

UNCLASSIFIED

PAGE 01 SAN JO 00069 072022Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

/105 W

----- 007877

P 071750Z JAN 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 2436

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

UNCLAS SAN JOSE 0069

E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: COSTA RICA IMPOSES "TEMPORARY" IMPORT SURCHARGES,
REVISES CONSUMER TAXES

REF: SAN JOSE 5346 (75); SAN JOSE 5336 (75)

SUMMARY: CITING BALANCE OF PAYMENTS REASONS,
GOCR IMPOSED "TEMPORARY" IMPORT SURCHARGES ON
162 PRODUCTS AND REVISED LIST OF ARTICLES
SUBJECT TO THE CONSUMER TAX, EFFECTIVE JANUARY 3, 1976.
END SUMMARY.

1. BERNAL JIMENEZ, PRESIDENT OF CENTRAL BANK, AND
JORGE SANCHEZ, MINISTER OF ECONOMY, INDUSTRY AND COMMERCE
HELD JOINT PRESS CONFERENCE, SATURDAY, DECEMBER 27, TO
ANNOUNCE NEW "TEMPORARY" IMPORT SURCHARGES AND CONSUMER
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SAN JO 00069 072022Z

TAXES WHICH WOULD GO INTO EFFECT IN JANUARY. PURPOSE OF

MEASURES GIVEN AS CORRECTING COSTA RICAN BALANCE OF PAYMENTS DEFICIT VIA SLOWING GROWTH IN IMPORTS AND STIMULATING EXPORTS. ON LATTER POINT GREAT EOGHASIS PLACED ON FACT THAT MONEY COLLECTAP (APPROXIMATELY \$10 MILLION ANNUALLY) WOULD BE PLACED IN SPECIAL FUND FOR PROMOTION OF EXPORTS AND TOURISM. AS FUND DUE TO BEGIN OPERATION IN JANUARY, OTHER FUNDS WOULD BE DRAWN ON BY CENTRAL BANK TO AUGMENT AMOUNT TO AROUND \$35 MILLION.

2. SATURDAY, JANUARY 3 LISTS OF ARTICLES SUBJECT TO THE NEW CHARGES WERE RELEASED TO THE PRESS AND PUBLISHED IN THE OFFICIAL GAZETTE WHICH PUT THEM LEGALLY IN EFFECT.

3. TEMPORARY IMPORT SURCHARGE LIST CONSISTS OF 162 TYPES OF PRODUCTS. TWENTY-SIX ITEMS, PRINCIPALLY PROCESSED FOOD PRODUCTS, FRESH FRUIT, CHEESE, TEA, CONDIMENTS AND SPICES, PET FOODS, AND CIGARS ARE SUBJECT TO 50 PER CENT SURCHARGE. A GROUP OF FIFTY-ONE ITEMS, INCLUDING GASOLINE ADDITIVES SUCH AS STP, WYNN'S; TIRES, COSMETIC PRODUCTS; STATIONERY, MIRRORS, CHINA PRODUCTS, RADIOS, TVS, HOME ELECTRIC APPLIANCES, LAMPS, METAL FURNITURE, CLOTHING, SHOES, PHOTO EQUIPMENT, FILM; AND TOYS IS SUBJECT TO 30 PER CENT SURCHARGE. FIFTY-TWO ITEMS, INCLUDING DIFFERENT TYPES OF CLOTH, SHEETS, BEDSPREADS, CURTAINS, CONSTRUCTION MATERIAL NOT ELSEWHERE PROVIDED FOR IN TARIFF SCHEDULE, FIREARMS, ALUMINUM WINDOW FRAMES, METAL KITCHEN UTENSILS, POWER LAWN MOWERS, STATION WAGONS, CAMPER'S, MOBILE HOMES, MICROBUSES, PUBLICITY MATERIAL, PLASTIC BAGS, CHILDREN'S PEDAL CARS, DOLLS, AND ARTIFICIAL CHRISTMAS TREES AND DECORATIONS ARE SUBJECT TO A 20 PER CENT SURCHARGE. THE REMAINDER, CERTAIN TYPES OF PAINTS, PLASTIC CLOTH, GLASS, AM RADIOS, RADIO AND TV TUBES, HARDWARE ITEMS, BATHROOM FIXTURES, CLOCKS, AND PLASTIC KNICK-KNACKS, WILL PAY A 10 PER CENT SURCHARGE. ONLY EXEMPTIONS IN THE LIST ARE TIRES FOR VEHICLES USED IN PUBLIC TRANSPORTATION, MASTIC (ADHESIVE), HAND-POWERED LAWN MOWERS, AND MICROPHONES.

4. IMPORT SURCHARGES LEVIED ON CIF VALUE. SURCHARGE NOT APPLICABLE TO IMPORTS FROM OTHER CENTRAL AMERICAN COUNTRIES
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 SAN JO 00069 072022Z

AND PANAMA IN ACCORDANCE WITH FREE TRADE AGREEMENTS NOR TO MERCHANDISE IN CUSTOMS WHEN REGULATION ISSUED (JANUARY 3). ACCORDING TO CENTRAL BANK OFFICIALS, IMPORT SURCHARGE WILL BE LEVIED AS SEPARATE CHARGE, AFTER ALL OTHER DUTIES AND THE CONSUMER TAX. HANDLED IN THIS MANNER, THERE WILL BE NO "MULTIPLICATION EFFECT" WHICH WOULD OCCUR IF IMPORT SURCHARGE WAS LEVIED PRIOR TO CONSUMER TAX.

5. NEW LIST OF ITEMS SUBJECT TO CONSUMER TAX CONTAINS SEVENTY-NINE ITEMS. FIFTY-TWO CATEGORIES CARRY DIFFERENTIAL RATES OF TAXATION WITH THOSE OF NATIONAL ORIGIN AND FROM COUNTRIES WITH WHOM COSTA RICA HAS FREE TRADE AGREEMENTS GENERALLY PAYING BETWEEN 10 AND 20 PER CENT WHILE THOSE IMPORTED FROM REST OF WORLD PAY BETWEEN 50 AND 75 PER CENT. AMONG ITEMS ON LIST ARE SOUPS, BREAKFAST CEREALS, COOKIES, CANNED FRUITS AND FRUIT JUICES, PAINT, COSMETIC, SOAP, WAX, STATIONARY AND PAPER PRODUCTS, TIRES, CLOTH, CURTAINS, GLASSWARE, HARDWARE, RADIOS, BATHROOM FIXTURES, LAMPS, CLOTHING, TABLE GAMES AND TOYS. ONLY EXEMPTIONS ON LIST ARE CERTAIN TYPES OF BAMBOO OR CANE FURNITURE, AND TIRES FOR VEHICLES USED IN PUBLIC TRANSPORTATION. SIXTY OF ITEMS SUBJECT TO IMPORT SURCHARGE ARE ALSO SUBJECT TO CONSUMER TAX.

6. SIXTY-NINE CONSUMER TAX RATES WERE NOT CHANGED FROM PREVIOUS LEVELS, FIFTY ONE OF THESE APPLYING TO ARTICLES IMPORTED FROM REST OF WORLD. SIX NEW ITEMS WERE ADDED TO LIST. FIFTY-ONE ITEMS WERE RAISED FROM 10 TO 15 PER CENT (IN FIRST SIX MONTHS OF 1975, COSTA RICA IMPORTED OVER \$10 MILLION OF ITEMS IN THIS CATEGORY). FOUR ITEMS INCREASED FROM 10 TO 20 PERCENT, TEN FROM 15 TO 20, THREE FROM 20 TO 30, FIVE FROM 30 TO 40, TWO FROM 30 TO 50 AND TWO FROM 50 TO 60.

7. PRESS REPORTS IN EXCELSIOR JANUARY 6 QUOTED SOURCES IN CASA PRESIDENCIAL TO EFFECT THAT GOVERNMENT WOULD ISSUE CLARIFICATION OF NEW CHARGES TO INCLUDE COMPARISON WITH FORMER CHARGES TO SHOW MANY RATES REMAINED UNCHANGED.

8. COPIES OF BOTH PRODUCT LISTS BEING AIR POUCHED
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 SAN JO 00069 072022Z

DEPARTMENT AND ADDRESSEE POSTS.
TODMAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, CUSTOMS DUTIES, TAXES, BALANCE OF PAYMENTS DEFICITS, SURCHARGES, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANJO00069
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760005-0647
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760179/aaaacsma.tel
Line Count: 156
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 SAN JOSE 5346, 75 SAN JOSE 5336
Review Action: RELEASED, APPROVED
Review Authority: castelsl
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUN 2004 by barnescd>; APPROVED <17 AUG 2004 by castelsl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COSTA RICA IMPOSES "TEMPORARY" IMPORT SURCHARGES, REVISES CONSUMER TAXES
TAGS: ETRD, EFIN, CS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006